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EMBARGOED FOR RELEASE AT 2 P.M. CST : Thursday, Jan. 22, 2009

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Governor brings revised budget to Legislature

PIERRE, S.D. – Gov. Mike Rounds released a revised budget Thursday that is designed to offset the effects of recession and bring ongoing state expenditures in line with an expected reduction in state revenue collections for the remainder of this fiscal year and perhaps much of next year.

The governor informed legislators last week that revenues are much weaker than expected, and spending must be cut. He said this year's state budget, running through June 30, would be \$52.2 million short, and the shortfall in the next fiscal year would total \$81.6 million unless spending is curtailed.

"Ongoing revenues are not keeping up with ongoing expenditures," Gov. Rounds said.

The revised budget proposal, if fully accepted by the Legislature, would erase the nearly \$134 million shortfall through June 30, 2010, with a combination of program cuts, some additional revenues, and use of funds from the Property Tax Reduction Fund.

The governor said spending must be restrained in order to cope with the troubled economy and avoid increased taxes.

"Now is not the time to suggest new initiatives that will cost more money," he said.

The revised budget would reduce ongoing spending by \$46.2 million from the governor's original budget proposal in early December.

Gov. Rounds said his plan would balance the state budget without resorting to use of the budget reserve fund.

"The budget reserve will not be utilized," he said. "It will be preserved for emergencies that may arise."